

NB : Incompl. C/F
calculations

A



MPOFANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS 30 JUNE 2005

KwaZulu-Natal Government
Provincial Treasury
2005-12-07
PO BOX 3613
PIETERMARITZBURG 3200

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FOREWORD

The year has been a difficult one for the Municipality due to the very precarious cash flow situation and capacity related challenges that we have continued to experience.

Since this is the last term of this Council, it is important to mention that for the first time, the Municipality has been able to produce financial statements for the current financial year as opposed to previous instances where the Municipality had been tackling huge backlogs. Therefore, a solid foundation has been laid for the next Council to be in a position to produce financial statements in time and also comply with the Municipal Finance Management Act.

Despite these challenges that the Municipality is facing, we have also been able in the previous year to provide free 6kl of water to all our communities. The Municipality continues to face huge challenges in the maintenance and development of infrastructure which could help to attract investments that would stimulate job creation.

There have been a few achievements over the past years worth mentioning. These achievements include the upgrade of the water supply system as well as the eradication of the bucket system in Bruntville. We have also been able to attract a huge investment totaling R350m and hope that it will create necessary job opportunities and also have spin offs to the economy of the Municipality.

Various initiatives have been explored to unblock blockages that impede on local economic development initiatives

We will continue to develop strategies to improve on debt collection and improve our negative cash flow situation.



CLLR M.S. MTHETHWA

DATE 31.08.05

TOWN TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in Appendices D and E.

The overall operating results for the year ended 30 June 2005 are as follows:

INCOME	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual / Budget %
Opening Surplus	4,411,499	8,747,698			
Operating income for the year	24,311,013	27,743,602	14%	34,510,784	80%
	28,722,512	36,491,300		34,510,784	
EXPENDITURE					
Operating expenditure for the year	17,526,524	22,488,591	28%		65%
Sundry Transfers	2,448,290	10,794,437			
Closing Surplus	8,747,698	-3,207,272			
	28,722,512	30,076,756			

2. RATES AND GENERAL SERVICES

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual / Budget %
Income	16,401,827	10,529,345	(35%)	6,936,640	(152%)
Expenditure	11,533,917	1,635,516	(85%)	2,165,605	(76%)
Closing Deficit/Surplus	4,867,910	8,893,829		4,771,035	
Surplus /(Deficit) as % of total income	29.68	84.47		68.78	

Incorporated under the heading 'Rates and General Services' are: Community Services, Subsidised Services and Economic Services. (See Appendix E)

Increase in income and expenditure for the year results in increased in government and provincial grants and subsidies which is evidenced in Appendix D and E.

3. TRADING SERVICES

3.1. WATER SERVICE

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/ Budget %
Income	2,425,949	-	2,425,949	-	-
Expenditure	594,960	-	594,960	-	-
Closing Surplus	1,830,989	-	1,830,989	-	-
Surplus / (Deficit) as % of total income	75.48		75.48		

The variance on income is due to the transfer of the function to the District Municipality.

3.2. ELECTRICITY SERVICE

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/ Budget %
Income	5,252,202	4,670,602	11%	7,265,987	64%
Expenditure	5,365,346	5,335,068	0.5%	8,719,016	
Closing Surplus	(113,144)	(664,466)		(1,453,029)	
Surplus / (Deficit) as % of total income	(2.15)	(14.23)		(20.00)	

The variance on the income arise as a result of tampering, the municipality will therefore be putting in place control measures for the illegal connection and tampering on the electricity supply.

3.3. HOUSING SERVICE

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual/ Budget %
Income	231,036	259,251	12%	29,900	67%
Expenditure	32,301	10,364	68%	30,414	35%
Closing Surplus	198,735	248,887		(514)	
Surplus / (Deficit) as % of total income	86.02	96.00		(1.72)	

The variance on the expenditure is due to maintenance done during the year on the properties.

4. CAPITAL EXPENDITURE AND FINANCING

	2005 ACTUAL R	2005 BUDGET R	2004 ACTUAL R
Land & Buildings	-		871,176
Council	1,303,935	13,166,215	78,544
Electricity - reticulation	-		1,194
Parks & Recreation	-		8,000
Testing Ground	95,735		26,220
Finance	163,838	3,071,250	526,519
Roads	114,255		6,800
Library	9,907	-	8,000
Water reticulation	-	-	5,998,460
	1,687,670	16,237,465	7,524,912

Resources used to finance the fixed assets were as follows:

	2005 ACTUAL R	2005 BUDGET R	2004 ACTUAL R
Consolidated Capital Development Fund	-	1,730,000	43,414
Contributions from reserves	-	-	-
Grants	1,677,756	13,166,215	7,474,698
Land iro Public Improvement Fund	-	-	-
Public Improvement Fund	-	-	-
Revenue	9,914	1,341,250	6,800
	1,687,670	16,237,465	7,524,912

5. EXTERNAL LOANS, INVESTMENTS AND CASH

Details of all external loans can be found in 'Appendix B'. On 30 June 2005 the outstanding external loans amounted to R1,468,805. An amount of R507,842 was repaid on External Loans.

Investments at 30 June 2005 amounted to R3,692,069 (R5,443,078 in 2004).

More information regarding investments is disclosed in the notes to the financial statements.

6. FUNDS AND RESERVES

Information regarding funds and reserves are disclosed in Appendix A and in the notes 1 and 2 of the financial statements.

7. DEBTORS

As at 30 June 2005 the total amount of outstanding debtors was R21,318,075. The provision for bad debts amounts to R4,896,669.

8. CONCLUSION

The Mayor, Councillors, the Municipal Manager, Departmental Heads are thanked for the support they have given to the staff of the Treasury Department.

**Chief Financial Officer
Mpofana Municipality**

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1. These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Financial Officers in its Code of Accounting Practice (1998) and Report on Published Annual Financial Statements (Second edition – January 1997)
- 1.2. The financial statements are prepared on the historical cost basis, adjusted, for fixed assets as more fully detailed in Accounting Policy note 3. the accounting policies are consistent with those applied in the previous year except if otherwise indicated.
- 1.3. The financial statements are prepared on the accrual basis as stated:
 - Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
 - Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The balance sheet includes Rates and General Services, Housing Services, Trading Services as well as the various funds, reserves and provisions. All inter-departmental transactions have been offset against each other, with the exception of assessment rates, electricity, refuse removal and water, which have been shown as income and expenditure under the respective departments.

3. FIXED ASSETS

3.1. Fixed assets are stated:

- at historical cost; or
- at valuation (based on market price at the date of acquisition) where assets have been obtained by means of grants or donations.

Whilst they exist and are serviceable except in the case of bulk assets, which are written off at the end of their estimated life as determined by the Treasurer.

3.2. Depreciation:

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation. However, certain structural differences between the two concepts do exist. In terms hereof assets financed from "Provisions" are written off over their estimated useful life. In addition to the various Council funds assets can also be acquired as follows:

- Appropriations from income, where the total cost of an asset becomes an immediate and direct charge against the operating income, and it is therefore not necessary to make any further provision for depreciation.
- Grants or donations where the amount which represents the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3. All net returns from the sale of fixed property (land) is credited to the Public Improvement Fund. The net returns on the sale of all other assets is credited to the respective Capital Development Fund.

3.4. Loans and advances are repaid over the estimated useful life of the asset which is financed from such loan or advance. Advances are redeemed according to the fixed instalment method and commence in the year which follows the financial year in which the advance was made. Interest is charged to the service concerned at the ruling interest rate applicable at the time the loan was negotiated or in the case of advances, at the interest rate as determined by the Council in terms of Section 103 of Local Authorities Ordinance, Natal (25 of 1974).

4. STOCK

Stock is valued at the lower cost, determined on the weighted average basis and net realisable value. Stock that is surplus or in deficit at the year end stock take is brought to account when the Council resolved to write-off deficits and approves surpluses.

5. FUNDS AND RESERVES

5.1. Capital Development Fund

The Capital Development Fund (Ordinance 25 of 1974) requires that a local authority makes a minimum contribution of 3% of its defined income from the current financial year to the fund. Advances are made to borrowing services at an interest rate which is determined annually and approved by Council.

5.2. Leave pay reserve:

The Leave Pay Reserve is to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year.

5.3. Bad debts

Provision for bad debts has been provided for in the Housing Service and for Bruntville.

5.4. Restructure reserve

This reserve was created on instruction from the Department of Finance to address the socio imbalance of the past with respect to the disadvantaged areas.

6. RETIREMENT BENEFITS

Mooi River and its employees contribute to the Natal Joint Pension Funds and Mooi River and some of the Councillors contribute to the Municipal Councillors Pension fund. Ex-Bruntville employees contribute to the Sala Pension Fund.

The retirement benefit plan is subject to the Pension Act 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating expenditure on the basis of current service costs.

Full actuarial valuations are performed at least every three years.

7. SURPLUSES AND DEFICITS

All surpluses or deficits arising from the operation of the Electricity, Water, Sewerage and Rates and General Services are kept in the relevant funds.

8. TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in relation to the income generated by each service.

9. INVESTMENTS

Investments are in accordance with the provision of the Local Authorities Ordinance No. 25 of 1974. Interest accrued at 30 June 2001 on all investments was brought to account.

10. INCOME RECOGNITION

10.1 ELECTRICITY AND WATER BILLINGS

Meters are read and billed on a monthly basis.

10.2 ASSESSMENT RATES

A general rate is levied on both the land and building values of a property. Water and sewer rates are levied as a set charge against each and every property. Rebates are granted to special and general residential properties as well as industrial and commercial properties.

10.3 BRUNTVILLE SERVICES

A flat service charge is levied for all properties in Bruntville in respect of refuse removal water usage and sewer disposal.

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BALANCE SHEET AS AT 30 JUNE 2005

	Note	2004/2005 R	2003/2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		18,741,821	20,301,915
Funds	1	15,065,279	15,442,801
Reserves	2	3,676,542	4,859,114
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	18	3,207,272	8,747,695
		21,949,093	29,049,610
TRUST FUNDS	3	1,715,423	375,736
LONG-TERM LIABILITIES	4	1,250,000	2,276,200
CONSUMER DEPOSITS: SERVICES	5	300,679	323,968
		25,215,195	32,025,514
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	2,565,469	3,405,975
INVESTMENTS	7	380,213	380,213
LONG TERM DEBTORS	8	2,630,737	2,934,286
		5,576,419	6,720,474
NET CURRENT ASSETS/LIABILITIES		19,638,776	25,305,040
CURRENT ASSETS		25,015,203	32,297,837
Stock	9	362,217	365,365
Debtors	10	21,318,075	26,830,745
Cash			
Short-Term Portion of Investments	7	3,311,856	5,062,865
Petty Cash		753	753
Short-Term Portion of Long Term Debtors	8	22,302	38,109
CURRENT LIABILITIES		(5,376,427)	(6,992,797)
Provisions	12	767,448	1,918,227
Creditors	13	3,471,027	2,536,943
Short-Term Portion of Long Term Liabilities	4	218,805	533,111
Bank Overdraft		919,147	2,004,516
		25,215,195	32,025,514

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2003/2004 Actual Income R	2003/2004 Actual Expenditure R	2003/2004 (Deficit)/ Surplus R		2004/2005 Actual Income R	2004/2005 Actual Expenditure R	2004/2005 (Deficit)/ Surplus R	2004/2005 Budget (Deficit)/ Surplus R
17 901 284	11 533 917	6 367 367	RATES AND GENERAL SERVICES	20,914,094	14,168,128	6745966	28316428
10 825 892	7 310 556	3 515 336	Community Services	16,984,918	8,997,329	7,987,589	17974830
566 342	1 389 157	(822 815)	Subsidised Services	966,452	2,156,440	(1189988)	(2,135,939)
6 509 050	2 834 204	3 674 846	Economical Services	2,962,724	3,014,359	(51,635)	526,320
231 036	32 301	198 735	HOUSING SERVICES	259,251	26,565	232,686	49,833
6 178 694	5 960 306	218 388	TRADING SERVICES	6,570,257	8,234,818	(1,664,561)	434,517
<u>24 311 014</u>	<u>17 526 524</u>	<u>6 784 490</u>	TOTAL	<u>27,743,602</u>	<u>22,429,512</u>	<u>5314091</u>	<u>4689860</u>

(2448290)	Appropriations for the year	(10854516)
4336200	Nett surplus(deficit) for the year	(5540425)
	Unappropriated surplus(deficit)	
4 411 498	at the beginning of the year	8,747,698
<u>8747698</u>	UNAPPROPRIATED SURPLUS(DEFICIT)AT THE END OF THE YEAR	<u>3207273</u>

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2004/2005 R	2003/2004 R
CASH RETAINED FROM OPERATING ACTIVITIES:		<i>2 164 824</i>	(15 501 160)
Cash generated by operations	19	(6 204 316)	(16 059 359)
Investment income		242 440	2 414 437
Decrease / (Increase) in working capital	20	6 449 902	(7 504 967)
			(21 149 889)
LESS: External interest paid		(360 708)	178 101
		<i>1 273 18</i>	
Cash available from operations			(20 971 788)
Consumer Deposits Refunded/Received		(23 289)	40 478
Cash contributions from the public and State		2 060 795	5 383 629
NET proceeds on disposal of fixed assets			46 521
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		(1 687 670)	7 524 913
NET CASH FLOW		<u>(477 154)</u>	<u>(7 976 247)</u>
CASH EFFECTS OF FINANCING ACTIVITIES:			
Decrease / (Increase) in Long-term Loans	21	(507 842)	(430 668)
Decrease / (Increase) in Long-term Debtors	8	319 356	2 934 286
Decrease/ (Increase) in cash Investments	23	1 751 009	2 530 534
Decrease/ (Increase) in Bank Overdraft	24	(1 085 369)	2 942 095
NET CASH (GENERATED)/UTILISED		<u>477 154</u>	<u>7 976 247</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004/2005	2003/2004
1. FUNDS		
Consolidated Capital Development Fund	10,380,135	10,207,604
Housing Fund	3,128,666	3,692,549
Public Improvement Fund	1,556,478	1,542,648
(Refer to appendix A for more detail)	<u>15,065,279</u>	<u>15,442,801</u>
2. RESERVES		
Electrification Reserve (NER)	865,005	415,887
IDP Reserve (Province)	127,072	126,827
Indigent Support Reserve	708,696	698,779
Support Reserve (Province)	31,873	31,427
Restructure Reserve	353,639	348,690
Provincial Grant	470,915	1,049,589
LED Grant	90,001	88,742
Transitional Grant	445,202	1,516,717
Development Plan Grant	147,385	105,157
IDP Grant	73,379	72,352
MSIG Grant	122,908	121,188
Finance System & Admin. Building		157,540
Tourism	77,128	76,049
C.C.I.	59,181	50,170
Bonus Provision Fund	104,158	
(Refer to appendix A for more detail)	<u>3,676,542</u>	<u>4,859,114</u>
3. TRUST FUNDS		
CMIP Projects Funds	1,715,423	375,736
(Refer to appendix A for more detail)	<u>1,715,423</u>	<u>375,736</u>
4. LONG TERM LIABILITIES		
Annuity Loans	1,468,805	28,093,11
	<u>1,468,805</u>	<u>28,093,11</u>
Less: Portion Transferred to current Laibility	218,805	533,111
Annuity Loans	218,805	533,111
	<u>1,250,000</u>	<u>2,276,200</u>
(Refer to appendix B for more detail on long term liabilities)		
5. CONSUMER DEPOSITS		
Electricity	216,633	243,107
Water	81,824	80,324
Other	2,222	537
	<u>300,679</u>	<u>323,968</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004/2005	2003/2004
6. FIXED ASSETS		
Fixed assets at beginning of year	51,158,518	43,707,783
Capital outlay during year	5,040,000	7,524,912
Less: Assets written off during year	(19,017,943)	(74,177)
TOTAL FIXED ASSETS	37,180,575	51,158,518
Less: Loans redeemed and other capital receipts	(34,615,106)	(47,752,543)
NET FIXED ASSETS	2,565,469	3,405,975
(Refer to appendix C and section 2 of the Treasurer's report for more details on assets)		
7. INVESTMENTS		
LISTED:		
Long Term	380,213	380,213
	<u>380,213</u>	<u>380,213</u>
UNLISTED:		
Short-Term Deposits	3,311,856	5,062,865
Other Deposits	3,311,856	5,062,865
	<u>3,311,856</u>	<u>5,062,865</u>
TOTAL INVESTMENTS	3,692,069	5,443,078
Market value of listed investments, and managements' valuation of unlisted investments		
Listed investments		
Unlisted investments	3,311,856	5,062,865
	<u>3,311,856</u>	<u>5,062,865</u>
Average rate of return on investments (Gross)		
8. LONG TERM DEBTORS		
Vehicle Loans	47,139	366,495
Housing Loans	2,510,073	2,510,073
Electricity Loans	95,827	95,827
	<u>2,653,039</u>	<u>2,972,395</u>
Less: Short-term portion of long-term debtors transferred to current assets	22,302	38,109
	<u>2,630,737</u>	<u>2,934,286</u>
9. STOCK ON HAND		
Main Store	333,693	343,869
Diesel Store	28,524	21,496
Petrol Store	362,217	365,365
	<u>362,217</u>	<u>365,365</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004/2005	2003/2004
10. DEBTORS		
Consumer Debtors	18,494,543	32,230,930
Refuse Debtors	326,361	50,676
Housing Debtors	1,680,414	1,675,928
Consumer Vat Liability	702,226	2,854,366
Interest on Arrears - Debtors	690	690
Consumers Vat	2,292,523	2,799,888
Other debtors	914,999	56,532
Suspense Account	3,196,387	810,702
Rates	10,851	
Consumers - Abeyances	177	
Consumers - Abeyances Vat	25	
	<u>26,214,744</u>	<u>34,770,980</u>
Less: Provision for Bad Debts	<u>(4,896,669)</u>	<u>(794,025)</u>
	<u>21,318,075</u>	<u>26,830,745</u>
11. DEFERRED CHARGES		
Preliminary Expenses		
Commission		
Assets Written Off		
VAT on Erven		
Motor Licence Repayments		
	<u> </u>	<u> </u>
12. PROVISIONS		
Accrued Leave	767,448	596,140
Bruntville Provision		183,450
Working Capital Provision		1,138,637
(Refer to appendix A for more detail)	<u>767,448</u>	<u>1,918,227</u>
13. CREDITORS		
Creditors	3,471,027	1,409,365
Trade Creditors	R 988,200	1,195,998
Creditors	437	437
Vat Repaid	R 350,833	272,857
Suspense Account	<u>2,131,557</u>	<u>1,067,651</u>
	<u>3,471,027</u>	<u>2,536,943</u>
14. ASSESSMENT RATES		
Mooi River - Land	29.11 c/R	22.05 c/R
Mooi River - Improvements	1.54 c/R	1.16 c/R
Rosetta Land	11.86 c/R	8.98 c/R
Bruntville Land	48.52 PM	36.75 PM
Townview Land	<u>48.52 PM</u>	<u>36.75 PM</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004/2005	2003/2004
15. COUNCILLORS' REMUNERATION		
Mayor's Allowance		54,250
Speaker's Allowance		
Councillors' Allowance		108,500
Councillors' Pensions Contributions		9,765
		<u>172,515</u>
16. AUDITORS' REMUNERATION		
Audit Fees		<u>152,104</u>
17. FINANCE TRANSACTIONS		
Total External Interest Earned or Paid:		
Interest Earned		642,855
Interest Paid		178,101
Capital Charges Debited to Operating Account:		
Interest: External		178,101
Interest: Internal		
Redemption: External		60,238
Redemption: Internal		426,915
Deferred Charges Written Off		<u>665,255</u>
18. APPROPRIATIONS		
APPROPRIATION ACCOUNT:		
Accumulated Surplus at beginning of year	8,747,695	4,411,498
Operating surplus / (deficit) for the year	5,314,093	6,784,487
Appropriations for the year	(10,854,516)	(2,448,290)
Contributions to Capital Development Fund		
Contributions to Capital Expenditure:		
Expenditure previous year	404,070	728,829
Transferred from Sewerage Tariff		
Appropriations Income		(1,058,563)
Accumulated surplus/(deficit) at end of year	<u>3,207,272</u>	<u>8,747,695</u>
Operating Account:		
Capital Expenditure		
Contributions to:		
Audit Fees		
Accrued Leave		
Bursary Fund		
Capital Reserve		
Capital Development Fund		
Expenditure Previous Year		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004/2005	2003/2004
19. CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for year	5 314 093	6,784,487
Adjustments in respect of:		
Previous years' operating transactions	(14 592 314)	690,689
Appropriations charged against income:	1 528 301	8,074,095
. Capital Development Fund	377 522	
. Provisions and Reserves	1 150 779	41,041
. Fixed Assets		8,033,054
Capital Charges:		
. Interest Paid:		
- to internal funds		
- on external funds	360 708	178,101
. Redemption:		
- of internal advances	922 238	426,915
- of external loans		60,239
. Deferred charges written off		
Government and Provincial Grants and Subsidies	1 687 670	3,966,577
Investment income(operating account)	(242 440)	179,515
Non-operating income:		
. Net income from Insurance Fund		
Non-operating expenditure:		
. Expenditure charged against Provisions and Reserves	(1 182 572)	83,173
. Expenditure Funds		
	<u>(6 204 316)</u>	<u>16,059,359</u>
20. (INCREASE)/DECREASE IN WORKING CAPITAL		
Decrease / (Increase) in Stock	3 148	(157 079)
Decrease / (Increase) in Debtors	5 512 670	(7 983 328)
Decrease / (Increase) in Creditors	934 084	635 440
	<u>6 449 902</u>	<u>7 504 967</u>
21. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTER)		
Loans repaid	500 000	430 668
	<u>500 000</u>	<u>430 668</u>
22. INCREASE/(DECREASE) IN SHORT TERM LOANS(INT)		
Loans repaid	7 842	-
	<u>7 842</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

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	2004/2005	2003/2004
23. (INCREASE)/DECREASE IN EXTERNAL INVESTMENTS		
Investments realised	3 313 184	2 548 679
Investments made	<u>(1 562 175)</u>	<u>(18 145)</u>
	<u>1 751 009</u>	<u>2 530 534</u>
24. (INCREASE)/DECREASE CASH ON HAND		
Cash balance at the beginning of the year	2 003 763	938 332
Less: Cash balance at the end of the year	<u>918 394</u>	<u>2 003 763</u>
	<u>1 085 369</u>	<u>2 942 095</u>

MPOFANA LOCAL MUNICIPALITY

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ANNEXURE A

ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS AS AT 30 JUNE 2005

	Balance at 30/06/2004 R	Contributions During the year R	Interest on Investments R	Other Income R	Expenditure During the year R	Capital Exp. During the year R	Balance at 30/06/2005 R
ACCUMULATED FUNDS							
Consolidated Capital Development Fund	10,207,604	684,368			511,837		10,380,135
Public Improvement Fund	1,542,648	13,830					1,556,478
Housing Operating Account	3,692,549	678,297			1,242,180		3,128,666
	15,442,801	1,376,495			1,754,017		15,065,279
TRUST FUNDS							
CMIP Project Fund	375,736	4,692,018			3,352,331		1,715,423
	375,736	4,692,018			3,352,331		1,715,423
RESERVES							
Electrification Reserve (NER)	415,887				94,634		865,005
I D P Reserve (Province)	126,827	1,800			1,555		127,072
Indigent Support Reserve	698,779	9,917					708,696
Support Reserve (Province)	31,427	446					31,873
Restructure Reserve	348,690	4,948					353,639
Provincial Grant	1,049,589	813,125			1,391,799		470,915
LED Grant	88,742	1,259					90,001
Transitional Grant	1,516,717	21,525			1,093,040		445,202
Development Plan Grant	105,157	100,000			57,773		147,385
MSIG Grant	121,188	1,720					122,908
HIV/Aids Action Plan Grant							
I D P Grant	72,352	1,027					73,379
Finance System & Admin. Building	157,540	920,079			1,077,619		
Tourism	76,049	1,079					77,128
C.C.I	50,170	15,000			5,989		59,181
Bonus Provision Fund		104,158					104,158
	4,859,114	1,996,084			3,722,409		3,676,542
PROVISIONS							
Bruntville	183,450				183,450		
Staff Leave	596,140	588,226			416,918		767,448
Working Capital	1,138,637				1,138,637		
	1,918,227	588,226			1,739,005		767,448

MPOFANA LOCAL MUNICIPALITY

ANNEXURE B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at 30/06/2004	Received During the year	Redeemed or Written off During the year	Balance at 30/06/2005
	R	R	R	R
ANNUITY LOANS				
Sewer Services:-				
15.60% Development Bank of South Africa	191 816		191816	
16.32% Development Bank of South Africa	478 001		478001	
Water Services:-				
7.00% Development Bank of South Africa				
8.00% Development Bank of South Africa	2 351		2351	
8.00% Development Bank of South Africa	1 165		1165	
14.50% Development Bank of South Africa	159 332		159332	
Electricity Services:-				
10.25% Development Bank of South Africa				
14.30% Development Bank of South Africa	178 508		6614	171894
14.85% Development Bank of South Africa	48 138		1228	46910
	1 059 311		840507	218,804

BRIDGING FINANCE	Balance at 30/06/2004	Received During the year	Redeemed or Written off During the year	Balance at 30/06/2005
	R	R	R	R
9.12% Msekeli Municipal Support Services	1,750,000		250,000	1,250,000
	1,750,000		250,000	1,250,000

INTERNAL ADVANCES TO BORROWING SE	Balance at 30/06/2004	Received During the year	Redeemed or Written off During the year	Balance at 30/06/2005
	R	R	R	R
Consolidated Capital Development Fund	8 084 523	451417		8535940
Public Improvement Fund	77 532	9200		86732
Housing Operating Account	2 491 297			2,091,297
	10 653 352	460,617		10,713,969

MPOFANA LOCAL MUNICIPALITY

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ANNEXURE C
ANALYSIS OF FIXED ASSETS

Expenditure 2004 R	SERVICE	Budget 2005 R	Balance at 30/06/2004 R	Expenditure 2005 R	Written off, transferred or redeemed R	Balance at 30/06/2005 R
1 525 259	RATE AND GENERAL SERVICES		35 964 076	2 834 110	8 039 931	30 858 255
1 491 039	COMMUNITY SERVICES		10 701 246	588 417		11 287 663
76 544	Administration		80 357	18 818		108 875
679 176	Council General Expenses		1 109 605	390 561		1 500 166
	Public Health Conveniences		12 130	8 139		12 130
8 800	Public Works		489 358	9 200		498 558
	Roads and Stormwater		8 312 701			8 321 961
526 519	Traffic Control		100 676			100 676
8 000	Finance and Admin.		526 519	163 839		690 358
	SUBSIDISED SERVICES		589 201	107 187		696 388
	Municipal Buildings		410 663			410 663
	Fire Protection					
	Library		22 122	9 908		32 030
8 000	Museum		26 850			26 850
	Parks and Recreation		48 121			48 121
26 220	Town Hall		80 345	97 279		177 624
	ECONOMIC SERVICES		24 973 829	2 240 606	8 039 931	18 674 204
	Brunville		18 810 767		1 788 308	17 022 421
	Public Health Administration		9 066			9 066
	Public Health Refuse		845 531			845 531
	Sewerage		5 005 125	1 246 440		6 251 565
26 220	Rossella		133 578			133 578
	Testing Ground		82 206	95 736		177 942
	Town Estates		17 337			17 337
	L.E.D			888 331		888 331
	HOUSING SERVICES		320 711			320 711
	Economic Housing		320 711			320 711
5 998 854	TRADING SERVICES		14 169 218	4 598 770	12 766 378	6 001 810
1 194	Electricity		6 001 810			6 001 810
5 998 460	Water		8 167 408	4 598 770	12 766 378	
	PUBLIC IMPROVEMENT FUND		704 514		704 514	
7 624 913	TOTAL FIXED ASSETS		51 158 519	7 532 880	21 510 823	37 180 576
8 271 350	LESS: CAPITAL REDEEMED AND OTHER					
551 556	CAPITAL RECEIPTS		47 752 543	6 880 506	19 017 943	34 615 100
8 800	Loans redeemed and advances repaid		22 280 180	840 506	1 122 000	21 998 667
	Contributions ex operating income		1 027 301	8 915		1 036 216
	Provisions and reserves		6 000			6 000
7 712 994	Grants and subsidies		20 813 402	5 030 066	17 888 943	7 947 544
	Sale of Assets		48 080			48 080
	Unspent Water Endowment		650			650
	Brunville Subsidies and Acc. Funds		3 578 940			3 578 940
746 437	NET FIXED ASSETS		3 405 826	1 652 374	2 492 880	2 565 470

MPOFANA LOCAL MUNICIPALITY

ANNEXURE D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

Actual 2003/2004 R	Actual 2004/2005 R	Budget 2004/2005 R
INCOME		
5 383 629 Government and Provincial Grants and Subsidies	7,320,976	9,651,996
3 230 048 Assessment Rates Income	3,659,775	3,876,056
5 029 176 Electricity Sales	4,005,789	5,139,531
10 052 810 Other Income	12,757,062	11,989,268
615 349 Water Sales		2,344,778
24 311 012 Total Income	27,743,602	33,001,629
EXPENDITURE		
8 226 482 Salaries, Wages and Allowances	9,711,104	11,867,155
General Expenses:		
3 952 561 - Electricity Purchases	4,247,611	4,500,000
4 400 624 - Other Expenses	3,233,663	7,646,960
660 676 Repairs and Maintenance	571,052	2,585,280
238 340 Capital Cost	4,608,318	4,898,788
6 800 Contributions to Capital Outlay	9,914	1,341,250
41 041 Contributions to Funds	47,850	2,079,847
17 526 524 Gross Expenditure	22,429,512	34,919,280
Less: Amounts Charged Out		
17 526 524 NET EXPENDITURE	22,429,512	34,919,280

MPOFANA LOCAL MUNICIPALITY

ANNEXURE E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2003/2004 Actual Income	2003/2004 Actual Expenditure	2003/2004 (Deficit)/ Surplus		2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 (Deficit)/ Surplus	2004/2005 Budget (Deficit)/ Surplus
17 901 284	11,533,817	6 367 367	RATE AND GENERAL SERVICES	20,914,094	14,168,128	6745966	28318428
10 825 892	7 310 558	3 515 336	COMMUNITY SERVICES	16,984,918	8,997,329	7987589	17975830
822 825	1 442 089	(619 264)	Finance and Administration	8,869,570	1,747,237	5122333	4852044
4 393 236		4 393 236	Assessment Rates	3,659,775		3659775	3876056
4 850 732	2 909 621	1 941 111	Council General Expenses	4,888,382	4,653,918	234466	(1853150)
	44 705	(44 705)	Public Health Conveniences		1,313	(1313)	(11833)
	135 787	(135 787)	Public Street Cleaning		2,511	(2511)	(10000)
5 619	751 394	(745 775)	Public Works (Civil Services)	368,446	113,768	254680	311180
	1 459 719	(1 459 719)	Roads and Drains	226,165	1,461,178	(1235013)	(2201850)
753 480	304 123	449 357	Traffic Control	972,580	480,226	492354	1385158
	236 343	(236 343)	Workshop		429,690	(429690)	(332674)
	26 795	(26 795)	Planning and Development		107,492	(107492)	
566 342	1 389 157	(822 815)	SUBSIDISED SERVICES	966,452	2,156,440	(1189988)	(2135939)
20 304	58 490	(38 186)	Museum	29,897	58,898	(29001)	
			Municipal Buildings				
513 169	793 349	(280 180)	Public Health Services (Clinics)	894,129	1,140,526	(246397)	(906776)
60	181 771	(181 711)	Library		192,943	(192943)	(363027)
27 670	129 811	(102 141)	Cemetery	37,350	37,680	(330)	(44124)
	146 586	(146 586)	Parks and Recreation		584,309	(584309)	(623565)
5 139	79 150	(74 011)	Town Hall	5,076	142,084	(137008)	(198447)
6 509 050	2 834 204	3 674 846	ECONOMIC SERVICES	2,962,724	3,014,359	(51635)	526320
	109 838	(109 838)	Public Health Administration		3,395	(3395)	39712
3 047 826	660 631	2 387 195	Cleansing	1,627,989	1,021,357	606632	254790
936 057	112 552	823 505	Licensing	208,191	183,411	22780	870076
2 237 760	1 471 856	765 904	Sewerage	123,250	1,214,897	(1091647)	(85937)
202 102	478 747	(276 645)	Testing Grounds	952,194	547,261	404933	(592199)
85 305	580	84 725	Town Estates	53,100	44,038	9062	39878
231 036	32 301	198 735	HOUSING SERVICES	258,251	26,565	232686	49833
231 036	32 301	198 735	Economic Housing	258,251	26,565	232686	49833
6 178 694	5 960 308	218 386	TRADING SERVICES	6,570,257	8,234,818	(1664561)	434517
5 252 202	5 365 346	(113 144)	Electricity	4,670,602	5,652,987	(982385)	412537
926 492	594 960	331 532	Water	1,899,655	2,581,831	(682176)	21880
24 311 014	17 526 524	6 784 490	TOTAL	27,743,602	22,429,512	5314091	4689860
		(2,448,290)	Appropriations for this year (refer to note 18)			(10,854,518)	
	4336200		Net surplus(deficit) for the year			(5,540,425)	
	4 411 498		Accumulated surplus/deficit beginning of the year			8,747,698	
	8747698		Accumulated surplus/(deficit) end of the year			3,207,273	

MPOFANA MUNICIPALITY**APPENDIX F****STATISTICAL INFORMATION****2005****General Statistics**

Population
 Registered Voters
 Area (km square)
 Property Valuation at 1 July 2003
 Land
 Buildings

12,095,100
85,684,500

Number of Properties:
 Assessment Rate:
 General Rate (per Rand)

Mooi River - Land	24.26
- Buildings	1.28
Mooi River - Special Residential	20%
- General Residential	20%
- Commercial	10%
- Industrial	10%
Rosetta - Land	9.88
- Buildings	-
Rosetta - Rebate All Zoning	-
Bruntville - Land Flat Rate	40.43

Electricity Statistics

Units (kWh) purchased ('000)	22,483,098
Units (kWh) sold ('000)	13,903,087
Units (kWh) lost in distribution ('000)	8,580,011
Percentage lost in distribution	38%
Cost per unit sold	R 0.16
Income per unit sold	R 0.26

Water Statistics

Kl Sold	295,680
Income per kl sold	1.71